



## State of Connecticut

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Testimony  
Senator Kevin Kelly  
Insurance & Real Estate Committee  
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Senate Bills 410, 362, 409

Senator Lesser, Representative Wood, Senator Hwang, Representative Pavalock-D'Amato, and members of the Insurance & Real Estate Committee, thank you for the opportunity to submit testimony in support of multiple bills before the committee today.

**Senate Bill 410 An Act Concerning Pharmacy Benefit Managers and Spread Pricing.**

For working- and middle-class Connecticut families, health care is anything but affordable. Cost growth is out of control and prescription drug prices are repeatedly identified as a significant issue for many families. Expensive health care bills weigh down family budgets and eat into savings, leaving Connecticut's working and middle class struggling to make ends meet.

Senate Bill 410 An Act Concerning Pharmacy Benefit Managers and Spread Pricing seeks to address prescription drug affordability by examining anti-consumer policies involving prescription drugs and increasing transparency to inform policy making.

The bill would require the Connecticut Insurance Department to submit a report to the legislature's committee of cognizance providing an analysis of pharmacy benefit manager distribution of prescription drug practices regarding spread pricing arrangements, manufacturing rebates, and transparency and accountability.

As we closely examine strategies to reduce high prescription drug costs, we must work to stop anti-consumer policies that further drive-up costs.

This proposal would require a detailed examination of Pharmacy Benefit Managers (PBMs) and the practice of spread pricing, which is when PBMs' payments to pharmacies are less than what the payer remits to PBMs, often without the payer being aware of the arrangement. PBMs retain the difference in pricing (the spread).

Several states have taken measures against spread pricing and the practice has been the subject of bipartisan hearings in Congress. Connecticut has been a leader in banning "gag clauses" in PBM contracts that prevent pharmacists from sharing price information with their patients, especially as it

relates to lower cost options. We also banned “claw back” provisions which result in consumers paying more than a prescription actually costs. We must now turn our attention to spread pricing.

In addition, Connecticut must: examine manufacturing rebates and how those cost savings can be passed to patients and/or payees; and require increased industry transparency and accountability.

We need to study information on drug pricing, rebates, and other information needed to ensure consumers are being treated fairly. At the federal level, there is no requirement for rebates to be legally passed to clients directly at the point-of-purchase or indirectly through lower premiums. Therefore, this is an area that Connecticut must examine to reduce prescription drug costs and remove barriers to health care.

I have also testified in support of a proposal offered by Senate Republicans in the past and supported by Governor Ned Lamont this year to establish a prescription drug importation program in CT, administered by the Department of Consumer Protection, to allow for the importation of safe and lower cost prescription drugs from Canada pending federal approval.

Drug importation, as well as consumer-friendly policies, protections, and transparency, together can help drive down prescription drug costs.

We must work together to reduce health care costs for all families, and that includes removing barriers to make quality care more accessible to all.

**Senate Bill 362 An Act Concerning the Board of Directors of the Connecticut Health Insurance Exchange.**

I also thank the committee for raising **Senate Bill 362 An Act Concerning the Board of Directors of the Connecticut Health Insurance Exchange**. I urge support for this bill that will impose term limits on members of the board of directors of the Connecticut Health Insurance Exchange and require that all members of said board have insurance experience. Connecticut's insurance exchange should be led by individuals who have experience with insurance, a commonsense proposal. The bill also would impose term limits to ensure fresh perspective and expertise in insurance is constantly present in the board.